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SUBJECT: YES, CHEN SHUI BIAN WILL STEP DOWN, XIAMEN UNIVERSITY TAIWAN
EXPERTS SAY, BUT NOT UNTIL AFTER 2008 ELECTION

REFERENCE: GUANGZHOU 11045

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1. (SBU) SUMMARY: DESPITE RUMORS OF RESIGNATIONS AND CONSTITUTIONAL
SHENANIGANS, XIAMEN UNIVERSITY TAIWAN RESEARCH INSTITUTE ACADEMICS
BELIEVE THAT THERE IS LITTLE LIKELIHOOD TAIWAN PRESIDENT CHEN SHUI-BIAN
WILL STEP DOWN BEFORE HIS TERM IS UP. THEIR FOCUS IS NOT ON THE SHORT-
TERM OF DEMONSTRATIONS LED BY CHEN'S DPP BETE-NOIR SHI MING-TE OR
CHEN'S OWN ATTEMPTS TO SHORE UP HIS BELEAGUERED POSITION, BUT ON POST-
2008 TAIWAN. THEY EXPECT TAIWAN RESIDENTS TO CAST THEIR VOTES FOR
PRACTICAL REASONS THAT HAVE MOTIVATED VOTERS IN OTHER COUNTRIES: PARTY
IDEOLOGY AND POLICY PROMISES. THEY ALSO BELIEVE THAT THE MAJOR PARTIES
? DPP AND KMT - ARE EVENLY SPLIT PROVIDING AN OPPORTUNITY FOR A THIRD
PARTY TO DETERMINE THE FINALLY OUTCOME. ONE SCHOLAR NOTED THAT THE
CENTRAL GOVERNMENT IN BEIJING CONTINUES TO COMMUNICATE REGULARLY WITH
THE TAIWAN RESEARCH INSTITUTE AND PAYS CLOSE ATTENTION TO EVEN THE
FAINTEST WHISPER OF ANY MOVEMENT TOWARD TAIWAN INDEPENDENCE. ON THE
ECONOMIC SIDE, ACADEMICS SAY TAIWAN'S ECONOMY IS CONTINUING TO HOLLOW
OUT AS TAIWAN INVESTMENT MIGRATES TO CHINA. WHILE FUJIAN LEADERS SPEAK
WELL OF THE BENEFIT OF THEIR PROVINCE'S RELATIONSHIP WITH TAIWAN ? AS
DID MAYORS AND VICE MAYORS IN MEETINGS WITH THE CONSUL GENERAL THE WEEK
OF SEPTEMBER 10 - THE ACADEMICS? VIEWED TAIWAN'S ECONOMIC REALITIES
MORE CAUTIOUSLY, THOUGH THEY DID CITE SOME POTENTIALLY HELPFUL
REGULATORY EFFORTS TO IMPROVE TRADE BETWEEN TAIWAN AND MAINLAND CHINA.
END SUMMARY.

ACADEMICS ANALYZE 2008 ELECTION LANDSCAPE

2. (SBU) THE CONSUL GENERAL AND CONGENOFFS MET WITH REPRESENTATIVES OF
XIAMEN UNIVERSITY'S TAIWAN RESEARCH INSTITUTE, INCLUDING DIRECTOR LIU
GUOSHEN ON SEPTEMBER 10 TO REVIEW THE LATEST DEVELOPMENTS IN CROSS-
STRAITS TIES. THE OTHER GUESTS INCLUDED PROFESSOR CHEN KONGLI,
ASSISTANT TO DIRECTOR LI PENG, CHIEF OF POLITICAL DEPARTMENT SUN YUN,
DEPUTY CHIEF OF POLITICAL DEPARTMENT ZHANG WENSHENG, AND DEPUTY CHIEF
OF ECONOMIC DEPARTMENT SHI ZHENGFANG.

3. (SBU) ACCORDING TO THE ACADEMICS, CHEN SHUI-BIAN IS UNLIKELY TO
RESIGN, THOUGH THEY REFRAINED FROM SAYING RULING IT OUT ALTOGETHER. IN
FACT, THEY OFFERED THREE SCENARIOS IN WHICH HE WOULD HAVE NO

ALTERNATIVE BUT TO STEP DOWN:

-- IF HIS WIFE WERE CHARGED WITH FRAUD (ALTHOUGH THE COMPLEX PROCESS IN TAIWAN COULD DRAW OUT THIS PROCESS BEYOND 2008);,
-- IF CHEN BELIEVED THE DEMOCRATIC PROGRESSIVE PARTY (DPP) WOULD BE HURT POLITICALLY WERE HE WERE TO STAY, OR
-- IF SOCIAL TURMOIL OVER THE SCANDALS RELATING TO HIS SON-IN-LAW, HIS WIFE AND HIS OWN INVOLVEMENT IN THE SECRET DIPLOMATIC FUND MATTER TOOK AN UNEXPECTED AND DRAMATIC TURN.

14. (SBU) IN THE VIEW OF MOST OF THE PROFESSORS, THOSE WHOSE FAMILIES MIGRATED TO TAIWAN FROM THE MAINLAND AT THE END OF THE CIVIL WAR IN THE LATE 1940'S STRONGLY SUPPORT TAIPEI MAYOR AND KMT CANDIDATE MA YING-JEU FOR PRESIDENT. THE SCHOLARS TOOK NOTE OF THE EMPHASIS MA IS PLACING ON COURTING THE ETHNIC TAIWAN POPULATION. SEVERAL OF THE TRI ACADEMICS THOUGHT THAT MAINLANDERS AND TAIWANESE MIGHT HAVE QUESTIONS ABOUT MA'S GOVERNING ABILITY BECAUSE OF HIS LACK OF FOREIGN POLICY EXPERIENCE.

15. (SBU) TRI DIRECTOR LIU SAID THAT POLITICAL IDEOLOGY, PERSONALITY, COMPETENCE AND PUBLIC POLICY PROPOSALS WERE MORE IMPORTANT THAN WHETHER A CANDIDATE FOR PRESIDENT OR OTHER OFFICES IS FOREIGN-BORN (MA WAS BORN IN KOWLOON) OR HIS ORIGINS CAN BE TRACED BACK MANY GENERATIONS IN TAIWAN. IN OTHER WORDS, A POLITICAL CAMPAIGN APPEALING TO THOSE WHO DID NOT WANT A MAINLANDER TO BE PRESIDENT WAS LIKELY TO FAIL. PARTY AFFILIATION IS TOO STRONG FOR THE NEXT ELECTION TO BE PLAYED OUT AS PART OF ANY MAINLANDER-TAIWAN DYNAMIC. PROFESSOR CHEN KONGLI, A FORMER DIRECTOR OF THE INSTITUTE, DISAGREED WITH LIU, SAYING THAT MANY IN TAIWAN WOULD VOTE AGAINST A MAINLANDER SIMPLY BECAUSE HE WAS A WAI-SHENG REN (LITERALLY SOMEONE FROM OUTSIDE THE PROVINCE) AND THAT WOULD TURN THE ELECTION TOWARD THE DPP. LIU NOTED THAT THE 2008 WOULD BE A TEST OF THE SOPHISTICATION OF THE TAIWAN POPULATION ? WHETHER THEY WOULD USE MORE REALISTIC CRITERIA IN CHOOSING THEIR LEADER OR BASE THEIR VOTE ON PARTY AFFILIATION OR PLACE OF HIS BIRTH.

DARK HORSE COULD UPSET A TWO-PARTY RACE

16. (SBU) SINCE THERE WERE GROWING DISSATISFACTIONS OVER THE ACTIONS OF CANDIDATES IN THE DPP AND KMT CAMPS, THE SCHOLARS THOUGHT THAT A THIRD PARTY HAD GREAT POTENTIAL FOR DETERMINING THE OUTCOME OF THIS RACE. LIU GUO-SHEN SUGGESTED THAT THE CURRENT ANTI-CHEN SHUI-BIAN CAMPAIGN MIGHT PRODUCE A ?THIRD COLOR? TO GO ALONG WITH THE PAN-BLUE KMT AND THE PAN-GREEN DPP. LIU OPINED THAT MANY WHO WOULD LIKE TO SEE THE END OF THE CHEN PRESIDENCY COULD END UP DISAPPOINTED WITH BOTH THE DPP AND MA YING-JEU, AND MIGHT BE PERSUADED TO VOTE FOR A NEW ENTITY THAT WOULD CLEAN HOUSE.

17. (SBU) THE ACADEMICS TOOK NOTE OF DEBATES OVER WHETHER CHEN MIGHT TRY TO AMEND THE CONSTITUTION IN ORDER TO RETAIN HIS POWER. HOWEVER, THEY ALL AGREED THAT CHEN WOULD NOT RISK THE POTENTIAL DAMAGE COULD HAVE ON TAIWAN'S RELATIONSHIP WITH THE UNITED STATES. IN ANY CASE, HE LACKED PARLIAMENTARY SUPPORT FOR SUCH A MOVE. IN ADDITION, IF CHEN ATTEMPTED TO AMEND THE CONSTITUTION UNILATERALLY AND WITHOUT PARLIAMENTARY SUPPORT, HIS ACTION WOULD BE CONSIDERED ?TREASONOUS? UNDER TAIWAN LAW AND THE MILITARY MIGHT TRY TO OUST HIM.

CHEN'S CONCILIATORY ATTITUDE IS LIKELY AN ?ACT?

18. (SBU) THE ACADEMICS ALSO CONTINUE TO BELIEVE THAT CHEN HAS A STRONG AGENDA THAT IS ESSENTIALLY PRO-INDEPENDENCE. THEY CLAIMED HIS CONCILIATORY ATTITUDE TOWARDS BEIJING IS MERELY AN ?ACT.? HOWEVER, AS MUCH AS THEY DOUBT CHEN'S OCCASIONAL WILLINGNESS TO HEW A MORE MODERATE LINE ON CROSS-STRAIT ISSUES, THEY HARBOR EVEN STRONGER RESERVATIONS ABOUT VICE-PRESIDENT LU HSIULIEN (ANNETTE LU), WHOM THEY CONSIDER EVEN MORE NATIONALIST.

19. (SBU) IN RESPONSE TO A QUESTION ABOUT RELATIONS WITH TAIWAN SCHOLARS WHO VISIT THE MAINLAND, THE ACADEMICS SAID THAT THEY WERE GENERALLY SURPRISED AT HOW INTERESTED THEIR VISITORS WERE IN ALL ASPECTS OF LIFE IN THE MAINLAND, WHICH LED THEM TO BELIEVE THAT A NUMBER OF TAIWAN ACADEMICS WERE INVOLVED IN INTELLIGENCE. (ACCORDING TO LIU, TAIWAN INTELLIGENCE AGENTS APPROACH INSTITUTE SCHOLARS UNDER ACADEMIC TITLES AND ASK THE LATTER ALL MANNER OF QUESTIONS ABOUT CURRENT EVENTS IN THE MAINLAND, TRYING, FOR EXAMPLE, TO GAIN INFORMATION ON LAND DISPUTES OR CORRUPTION.)

TAIWAN ECONOMY FACING CHALLENGES

¶10. (SBU) SEVERAL OF THE TRI ACADEMICS TOOK NOTE OF THE CONTINUING ?HOLLOWING OUT? OF TAIWAN?S ECONOMY. TAIWAN HAS HIGH COSTS, A SMALL MARKET, AND LIMITED NATURAL RESOURCES, WHICH HAS LED TAIWAN BUSINESS PEOPLE TO CONTINUE MOVING THEIR OPERATIONS ? SOMETIMES IN THEIR ENTIRETY - TO THE MAINLAND. IN A DISCUSSION WITH THE CONSUL GENERAL ON SEPTEMBER 11, XIAMEN MAYOR ZHANG CHANGPING TOOK NOTE, WITH SOME PRIDE, ON HOW EXTENSIVE THE TAIWAN PRESENCE IN HIS CITY WAS - 60,000 TAIWAN CITIZENS NOW LIVE AND WORK IN XIAMEN, 20 BOATS TRAVEL DAILY FROM JINMEN TO XIAMEN, TAIWAN BUSINESSES SEE XIAMEN AS A PLACE OF OPPORTUNITY A TIME WHEN TAIWAN CAN NO LONGER SUPPORT LIGHT INDUSTRIAL GROWTH. ZHANG SAID THAT CHINA?S PRESIDENT HU JINTAO?S POLICY OF ENCOURAGING DUTY-FREE IMPORTS OF TAIWANESE FRUIT WAS BENEFICIAL TO BOTH XIAMEN AND TAIWAN AND IT WAS INCUMBENT ON TAIWAN TO RELAX BARRIERS ON TRADE WITH THE MAINLAND

¶11. (SBU) SOME OF THE ACADEMICS NOTED POSITIVELY TAIWAN?S STRATEGY OF FOCUSING ON RETAINING KEY SERVICE JOBS, WHILE LETTING GO OF MANUFACTURING JOBS. THEY SAID TAIWAN WOULD BE ABLE TO MAINTAIN THE MACHINE TOOL INDUSTRY IF THE THREE LINKS WERE OPENED BETWEEN CHINA AND TAIWAN. WITHOUT THE THREE LINKS, HOWEVER, THE INDUSTRY?S SURVIVAL IN TAIWAN WOULD BE IN DOUBT, AS CIRCUMSTANCES MIGHT FORCE IT TO MOVE TO THE MAINLAND.

COMMENT

¶12. (SBU) WHILE THE TRI ACADEMICS EXPECT CHEN TO WEATHER THE CURRENT SCANDALS AND MISSTEPS THAT HAVE BESET HIS ADMINISTRATION, NONE WAS WILING TO VENTURE A GUESS ON THE OUTCOME OF THE 2008 ELECTIONS. CHINESE ACADEMICS ? AND GOVERNMENT OFFICIALS ? HAVE BEEN BURNED BEFORE FOR WISHING FOR AN ABC OUTCOME (?ANYBODY BUT CHEN?). THEIR CAUTION IS UNDERSTANDABLE ? CHEN MAY BE DOWN AND HIS FUTURE IS SIMPLY AS A PLACEHOLDER PRESIDENT, BUT MA?S IS NOT ASSURED AND TWO YEARS IS A LONG TIME IN THE POLITICAL LIFE OF ANY CANDIDATE, ESPECIALLY ONE WHO AT TIMES, IN THE VIEWS OF THE SCHOLARS, HAS SEEMED AS CAUTIOUS AS MA YING-JEOU.

GOLDBERG